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SUBJECT: NAJAF GOVERNOR ON OUTREACH, BANKING, AIRPORT, IRANIAN INFLUENCE

REF: HILLAH 2

HILLAH 00000005 001.2 OF 002

CLASSIFIED BY: Angus Simmons, Team Leader, PRT Najaf, DOS.
REASON: 1.4 (b), (d)

¶1. (U) This is a PRT Najaf cable.

¶2. (S) SUMMARY: In a January 8 meeting with Najaf PRT Team Leader, the Governor Najaf outlined provincial diplomatic and economic activities. The Governor also described ongoing efforts to improve the banking sector in Najaf, and he reiterated his vision of the way forward for the Najaf Airport Project (NAP). The Governor raised the concern that an anti-Iranian militia (MEK) might be carrying out illegal activities in Najaf, and quoted Ayatollah Ali al-Sistani's opposition to Iranian interference in the internal affairs of Najaf and Iraq in general. END SUMMARY.

¶3. (C) In a January 8 meeting at the Regional Embassy Office (REO) in Hillah, Najaf Governor Asaad Sultaan Abu Gelal al-Ta'ie Islamic Supreme Council of Iraq (ISCI) informed Najaf PRT Team Leader and PRTOFFs about recent and ongoing provincial diplomatic and economic efforts. Invited by the Iraqi Ambassador in Italy to join a diplomatic group visiting the Vatican during a recent trip to Italy, al-Ta'ie attended mass at the Vatican with the delegation on December 24 and 25, 2007 and met Pope Benedict, at which time the Governor proposed holding a conference of religious scholars to address contemporary issues in Iraq, and invited the pontiff to visit Najaf. Al-Ta'ie explained that that Najaf has ties to the Vatican; one Vatican Bishop is originally from Najaf, and Najaf resident Ayatollah al-Sistani personally congratulated Pope Benedict when the pontiff was chosen to be Pope. When asked if outreach to the Vatican would pose problems in religiously conservative Najaf, the Governor said that his policy is to reach out to all countries and peoples with complete transparency to benefit the people of Najaf.

¶4. (SBU) Al-Ta'ie explained that the Najaf Governorate has a Foreign Affairs Office, headed by an Iraqi-American, which promotes diplomatic outreach throughout the world. For example, the Najaf Governorate officially condemned the recent assassination of Benazir Bhutto and sent a letter of condolence to the Pakistan government. Al-Ta'ie also cited upcoming economic engagements with U.S. parties, including a medical delegation led by an Iraqi-American heart surgeon coming to Najaf in mid-January to meet with provincial health officials, and an impending meeting with a visiting American owner of a small, Michigan-based airport construction company.

¶5. (SBU) Turning to banking, the Governor related the outcome of

a January 7, 2008 meeting in Najaf with bank managers from throughout the south central region and the General Manager of Rafidain Bank from Baghdad. The objective of the meeting was to strengthen the relationship between the government, Rafidain Bank, and local merchants, and to increase the availability of local credit. Meeting participants agreed to increase the value of letters of credit, create a special category of low-interest loans for recent university graduates, better equip local banks, open more rural branch offices, dedicate two days per week to local community outreach, and increase efforts to send branch managers outside of Iraq for training on electronic funds transfer, ATMs, and online banking. The Governor reaffirmed that he was arranging a meeting between PRTOff and representatives of the Najaf banking sector (reftel). (Note: Stating that USD 1 million to USD 1.5 million is exchanged every day in Najaf, the Governor said that the Chair of the Central Bank in Najaf is advocating for the establishment of a Najaf Stock Exchange. End Note.)

¶6. (SBU) Concerning the Najaf Airport Project (NAP), the Governor repeated his desire that the USG select the companies that will provide the design and construction management, and the airport security (reftel). Al-Ta'ie further suggested that the USG administer the airport for the first year of operation, bringing in Arabic speakers from Lebanon if necessary. The Najafis would then take control of the airport in the second year of operation. The Governor responded favorably to the suggestion that USAID implementing partner CHF may be able to provide technical training on airport operations, and he encouraged PRT USAID Representative to arrange a meeting with CHF representatives. (Note: In a further sign of Najaf confidence in the USG, the Governor requested that the U.S. Army Corps of Engineers oversee the construction of projects - not airport related -- financed by the Development Fund for Iraq (DFI). End Note.)

¶7. (S) Team Leader pulled the Governor aside for a private conversation to answer concerns about USG support for Mujahedi-e-Khalk (MEK) after he had heard a report about an

HILLAH 00000005 002.2 OF 002

alleged meeting of the group at a U.S. military base in Kut. The Governor had expressed concern that the group might recruit or carry out illegal activities in Najaf after seeing some kind of handbills. The Governor said he would arrest any group carrying out illegal activities. Team Leader said that he was unaware of any such meeting in Kut and thought it was unlikely because that the USG viewed MEK as a terrorist organization and would oppose any acts against the GOI and the Najaf Provincial Government. Team Leader noted that the USG had been obliged under international law to protect the group after the fall of Saddam until a decision had been made on their ultimate status, but that the USG was not providing the group with any support.. Team Leader noted that if any members of the group were carrying out illegal acts in Najaf, we would have no objection if the Najaf Government arrested them. The Governor, who cited rumors that the group was recruiting in Najaf, repeated his rejection of foreign interference in the province, be it pro or anti-Iranian. Adding that he would "not beat around the bush" on the issue of opposition to Iranian interference, he noted that Grand Ayatollah Ali al-Sistani himself had been very clear on this point -- Iranian interference in Iraq's internal affairs was unacceptable.

¶8. (C) COMMENT: The Governor's outreach to the Vatican and his invitation for the Pope to visit Najaf is representative of his visionary leadership and internationalist orientation. He is eager to secure a vision of Najaf which is a city which has a historical sense of itself as a tolerant, cosmopolitan, global center of Shi'a learning. He is from one of Najaf's most distinguished families and is undoubtedly close to the Marja'iyya. We believe he is governing Najaf province in accordance with the wishes of the public and consider his candor and willingness to double-check rumors with us as indicators of a healthy relationship with the PRT. He has been a steadfast supporter of the PRT and its activities. END COMMENT

SIMMONS